



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

April 24, 2012

Mariano Aguirre, Development Manager
City of Indio
100 Civic Center Mall
Indio, CA 92201

Dear Mr. Aguirre:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Successor Agency of the City of Indio Redevelopment Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 12, 2012 for the periods January through June, 2012, and July through December, 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

- Page 1, item no. 29, in the amount of \$728,200, for both reporting periods. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract after June 27, 2011. It is our understanding that no contracts were entered into prior to June 28, 2011.
- HSC section 34171 (b) limits administrative cost allowance to five percent of the property tax allocated or \$250,000, whichever is greater. For the period of January through June 2012, five percent of the property tax allocated equated to \$237,000. Since there is a \$250,000 minimum funding for administrative expenses, we are questioning \$208,000 of the claimed \$458,000. The following items are considered administrative expenses: Page 1 – Items 22-25, Page 3 – Items 1-4.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for reconsideration. This action will cause the ROPS items noted above to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO.

Please direct inquiries to Robert Scott or Jenny DeAngelis at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County